



## FOR IMMEDIATE RELEASE

### MEDIA CONTACTS:

Alan P. Richman  
President & CEO  
InnoVative Capital, LLC  
(610) 543-2490, Ext. 101  
arichman@innovativecapital.com  
www.innovativecapital.com

Brad Hardcastle  
Chief Financial Officer  
Daviess Community Hospital  
(812) 254-8620  
bhardcastle@dchosp.org  
www.dchosp.org

### **MULTIMILLION DOLLAR SAVINGS FOR AN INDIANA COMMUNITY HOSPITAL - INNOVATIVE CAPITAL CLOSES SWAP STRUCTURED \$19.2 MILLION TAX-EXEMPT BOND REFINANCING**

**SPRINGFIELD, PA and WASHINGTON, IN:** (December 5, 2006) -- InnoVative Capital, LLC ("InnoVative Capital") served as the financial advisor to Daviess Community Hospital ("Daviess") for its Series 2006 \$19.2 million municipal bond financing and underlying interest rate swap. The bond proceeds were used to refinance \$17.5 million outstanding long-term debt, and provide \$1.5 million to fund certain capital improvement projects. As a result of the refinancing, current market conditions project that Daviess may realize upwards of \$2.0 million of net present value savings over the life of the bonds.

Daviess is a 70-bed municipal hospital located in Washington, Indiana and managed by Quorum Health Resources (QHR). Established in 1913, Daviess is the only general acute care hospital located in Daviess County, Indiana, which has a population of almost 30,000. "We are very excited about the debt service savings the hospital will enjoy as a result of this refinancing," said Brad Hardcastle, CFO of Daviess. "We could not be more pleased that InnoVative Capital, a financial advisory firm, with a close working relationship with QHR, brought this opportunity to our attention," added Mr. Hardcastle.

InnoVative Capital served as the financial advisor and assisted Daviess and its investment banker, Ziegler Capital Markets Group in developing and executing this tax exempt hospital revenue bond financing, which was structured as synthetic fixed rate debt. In executing this transaction, Daviess issued variable rate bonds and employed an interest rate swap strategy to "synthetically" create fixed rate debt. Through this technique, Daviess was able to take advantage of and lock-in savings associated with variable short term interest rates, which are consistently lower than "natural" fixed rate debt.

The bonds were issued through Daviess County and rated Aa3/VMIG-1 due to municipal bond insurance through Radian Asset Assurance, Inc. and a standby bond purchase agreement provided by Key Bank NA. Peck, Shaffer & Williams, LLP served as both bond counsel and underwriters counsel, and Hall, Render, Killian, Heath & Lyman, PC served as borrower's counsel.

-MORE-

**MULTIMILLION DOLLAR SAVINGS FOR AN INDIANA COMMUNITY HOSPITAL -  
INNOVATIVE CAPITAL CLOSES SWAP STRUCTURED \$19.2 MILLION TAX-EXEMPT  
BOND REFINANCING - Page 2**

Through this refinancing, it is estimated that Daviess may realize total cash flow savings exceeding \$3.0 million, over the 23 year period the bonds are assumed to remain outstanding. In addition, the debt refinancing freed up annual debt capacity for Daviess in amounts sufficient to cover the debt service payments relating to the development and equipping of a 5,000 square foot urgent care center.

According to Alan P. Richman, InnoVative Capital's President & CEO, "this transaction allowed Daviess to capitalize on the current interest rate environment resulting in significant reductions in its cost of capital. While this was a complicated transaction, with numerous moving parts, it was executed in an extremely efficient manner thanks to the bankers at Ziegler, who did a fine job in underwriting the financing and structuring the swap. I believe that in completing this transaction for Daviess, we have proved that we can employ the same financing options available to larger hospitals for our smaller community hospital clients. InnoVative Capital looks forward to working with other hospitals to realize similar saving, while such opportunities remain available."

InnoVative Capital, an FHA-licensed mortgage banking and healthcare financial advisory firm, specializes in financing for rural, community and critical access hospitals utilizing tax-exempt bonds, the FHA 242 Mortgage Insurance Program, USDA guarantees, and equity financing strategies. InnoVative Capital provides cost effective and expedient access to the capital markets for real estate backed transactions, as well as merger and acquisition representation and turnaround support.

-END-